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Aqua North Carolina, Inc.
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Cary, NC 27511

Thomas J. Roberts
President and Chief
Operating Officer

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March 24, 2011

Ms. Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Suite 100
Columbia, South Carolina 29210

COPY
Posted: hcd
Dept: S.A./ORS
Date: 3/29/11
Time: 4:15

Re: Docket Number 2010-354-S

Ms. Boyd,

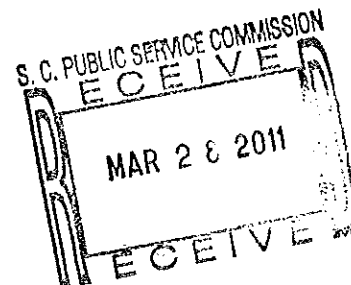
On December 8, 2010, the Public Service Commission of South Carolina approved the transfer of Aqua South Carolina's (Aqua) wastewater collection system serving the Brookside Village subdivision in Spartanburg, South Carolina to the Spartanburg Sanitary Sewer District. This transfer was completed on December 31, 2010.

Aqua South Carolina respectfully requests your assistance in securing the release of the \$100,000.00 performance bond, number _____ that Aqua maintains with Travelers Casualty and Surety Company of America. To that end, I would appreciate your signing and dating the attached Bond Release document and returning it to me at your earliest convenience. My address is 202 MacKenan Court Cary, North Carolina 27511. If you any questions regarding this matter please contact me at any time.

Sincerely,

Thomas J. Roberts
President & COO
Aqua South Carolina

Attachment



BOND RELEASE

Bond number _____ for Aqua South Carolina, Inc. is hereby fully and unconditionally discharged and released and Travelers Casualty and Surety Company of America, and its parents, affiliates and subsidiaries are hereby released from any and all past, present and future liability under said bond.

Effective date of release: 1-1-2011

By: _____

Obligee – Public Service Commission of South Carolina

Jocelyn Boyd – Chief Clerk & Administrator

Date: _____



Largest Private U.S. Water Utilities to Trade Properties, Each Increasing Customer Count in Respective Key States

Aqua purchases American's Texas operations and disposes small operations in South Carolina; American purchases Aqua's Missouri operations

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua America, Inc. (NYSE:WTR - News) announced today that in a unique transaction, it agreed to purchase American Water Works Company, Inc.'s (NYSE:AWK - News) regulated Texas operations and to simultaneously sell its regulated Missouri operations to American Water. The move signals Aqua America's desire to focus the company's regulatory relationships in states where it already has a critical mass of customers and can capitalize on economies of scale for the benefit of its customers. Aqua America's sale of its regulated Missouri operations will conclude its regulated operations in that state.

In a separate transaction, Aqua America also announced that it has entered into an agreement to sell its South Carolina-based wastewater system, which serves about 400 customers in Spartanburg to the City of Spartanburg. This sale will conclude Aqua America's regulated operations in South Carolina.

Aqua America continues to focus its growth-through-acquisition strategy in its key states such as Texas. Of the 21 acquisitions the company reports to date this year, including two "tuck-in" acquisitions in Texas last Friday, nine were in Texas where the company has experienced approximately two percent customer growth in the first three quarters of the year. About two thirds of that growth is from acquisitions.

Under the agreement with American Water, Aqua America will purchase 51 water and five wastewater systems in Texas, which serve nearly 4,200 water and nearly 1,100 wastewater customers (approximately 16,000 people) for approximately \$6 million. The systems serve parts of Brazoria, Harris, Liberty, Matagorda and Montgomery counties in the greater Houston metropolitan area. The acquisition, which requires approval by the Texas Commission for Environmental Quality, will increase the customer base of Aqua Texas by approximately 8 percent.

In a separate agreement, Aqua America has agreed to sell its 11 water systems and 59 wastewater systems, which serve approximately 4,000 customers in Missouri to American Water's Missouri subsidiary for approximately \$3 million.

"This transaction demonstrates the rationality of our growth-through-acquisition strategy," said Aqua America Chairman and CEO Nicholas DeBenedictis. "We are strategically planning and executing our growth efforts in the right states like Texas, which is one of the fastest-growing states in the nation and where we have critical mass. Likewise, we are pruning our assets in areas where we cannot achieve or maintain maximum economies of scale, or which require investments that cannot be supported by the existing or potential customer base.

Previously, Aqua announced its pruning strategy stating that it would be dispose of selected assets collected over recent years (as part of larger multi-state acquisitions) which have little growth and profitability prospects.

Both companies commended the agreement as a way to strengthen operations in their respective states, creating better economies of scale and providing additional opportunities to improve customer service. Aqua America and American Water expect both acquisitions to close by August 2011.

"This transaction makes perfect business sense for both companies as Aqua America is better suited to own and operate the American systems in Texas and American Water is better equipped to own and operate our systems in Missouri," said DeBenedictis. This opportunity will enable each of these professional companies to maximize their ability to deliver quality water and wastewater service to customers in both Texas and Missouri."

Aqua America is one of the largest U.S.-based, publicly-traded water utilities and serves almost 3 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Georgia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995

that address, among other things, the effect of the acquisition of the Texas systems on the Company and the benefits of the acquisition, the Company's expectation of future growth in Texas, the expected timing of the transactions, the Company's strategy to focus its resources where it has critical mass and the continuation of the Company's growth-through-acquisition strategy. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: regulatory approvals for the transaction; the risk that the acquired company's business will not be successfully integrated; the costs related to the transaction; the inability to obtain or meet conditions imposed for governmental approvals for the transaction; the risk that anticipated benefits will not be obtained or will not be obtained within the time anticipated; and other key factors that we have indicated could adversely affect our business and financial performance discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is on file with the Securities and Exchange Commission. Neither Aqua America nor American Water is under any obligation (and each expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

Contact:

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Brian Dingerdissen
610-645-119
1 Director, Investor Relations
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Bond #
PERFORMANCE BOND
FINANCIAL STATEMENT
(SEWER UTILITIES)

KNOW ALL MEN BY THESE PRESENTS, that Agua South Carolina, Inc.

being duly qualified to do business in the State of South Carolina, designated as "principal", and that Travelers Casualty and Surety Company of America, designated as "surety"/"sureties" is/are held and firmly bound unto the Public Service Commission of South Carolina, designated as "obligee", in the penal sum of \$ 100,000.00, for the payment of which well and truly to be made, the principal binds itself, its successors and assigns, and the surety/sureties bind themselves, their personal representatives, and their assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with the provisions of S. C. Code Ann., §58-5-720 (1976, as amended), which requires the principal to furnish a bond with sufficient surety, to the satisfaction of the obligee, conditioned as provided in said §58-5-720, and

WHEREAS, the obligee has granted the principal a Certificate of Public Convenience and Necessity and approved a schedule of rates for sewer service in areas shown on operating maps filed with the obligee, and

WHEREAS, this bond, when approved by the obligee, conditioned as in said §58-5-720, is to cover any and all liability which may arise as a result of the principal failing to provide adequate and sufficient service within its service area as prescribed in §58-5-720, and

*This bond cancels and replaces prior bond #
issued September 15, 2003.

WHEREAS, the obligee, upon notice and hearing, shall have the right to declare all or any part of the bond forfeited upon a determination by the obligee that the principal shall have willfully failed to provide such service as prescribed above, without just cause or excuse, and that such failure has continued for an unreasonable length of time, and

WHEREAS, the liability under the terms of this bond is hereby extended so as to include any fines or penalties imposed or assessed by the obligee against the principal under the provisions of S.C. Code Ann. §58-5-710 (1976 as amended), and

WHEREAS, in the event that any judicial action or proceedings are initiated with respect to this bond, the parties hereby agree that the venue thereof shall be Richland County, State of South Carolina, and

WHEREAS, the surety/sureties, as stockholders of the principal, undertake this obligation for and in consideration of the principal being able to continue to operate a sewer utility providing service to the public for compensation under the jurisdiction of the obligee, and

WHEREAS, the surety/sureties, as shall file with this bond a Financial Statement showing personal assets, liabilities, and net worth; and shall file annually with the obligee a revised Financial Statement as long as the bond continues in effect, and

WHEREAS, this bond shall become effective on the date executed by the principal and surety/sureties, and shall continue from year to year unless the obligations of the principal and surety/sureties under this bond are expressly released by the obligee in writing, and

WHEREAS, the obligee upon notice and opportunity to the principal and surety/sureties to be heard, may order that the face amount of this bond to be changed within the limits set forth in S. C. Code Ann., §58-5-720 (1976 as amended).

NOW THEREFORE, in testimony whereof, said principal has hereunto subscribed its name and said principal has caused this instrument to be signed by its duly authorized officers, and its corporate seal to hereunto affixed this _____ day of _____, _____; and that said surety/sureties have caused this instrument to be signed this 18th day of November, 2005.

SURETY/SURETIES: Travelers Casualty
and Surety Company of America

Signature Francis J. Curran
Attorney-in-fact

Aqua South Carolina, Inc.
Company

IN THE PRESENCE OF:

By

Witness # 1 Rhonda Hamilton

Title

Witness # 2 Sally Phillips

IN THE PRESENCE OF

Signature

Witness # 1

Witness # 2